

Message Text

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ACTION EUR-12

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TO SECSTATE WASHDC 7378
INFO ALL EC CAPITALS
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SUBJECT: ENERGY AT JUNE 27 EC FOREIGN MINISTERS COUNCIL
AND JULY EUROPEAN COUNCIL

REF: (A) 77 EC BRUSSELS A-397, (B) 77 BRUSSELS 18820,
(C) BRUSSELS 10698, (D) BRUSSELS 10818

1. SUMMARY: IN PREPARATION FOR JUNE 27 EC FOREIGN
MINISTERS COUNCIL AND THE JULY MEETING OF THE EC HEADS OF
GOVERNMENT IN EUROPEAN COUNCIL AT BREMEN, THE EC COMMIS-
SION AND MEMBER STATES HOPE TO REACH AGREEMENT ON THE
1985 ENERGY GOALS FOR THE COMMUNITY. THE COMMISSION AND
SOME MEMBER STATES, NOTABLY FRANCE, ALSO HOPE TO USE A
REPORT ON ENERGY FOR THE BREMEN SUMMIT AS A MEANS OF
EXERTING PRESSURE ON THE EC ENERGY MINISTERS TO MAKE
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PROGRESS ON EC ENERGY POLICY. ONLY SLOW PROGRESS IS BEING
MADE WITHIN THE COMMISSION SERVICES REGARDING A PROGRAM
FOR GREATER EC ENERGY COOPERATION WITH LDC'S AND IT IS
UNLIKELY THAT THE EUROPEAN COUNCIL WILL BE ASKED TO DO
MORE THAN ENDORSE THE GENERAL CONCEPT OF SUCH COOPERATION.
END SUMMARY.

1985 ENERGY GOALS:

2. COREPER AT ITS MEETING OF JUNE 15 VIRTUALLY REACHED AGREEMENT ON THE TEXT OF A REVISED EC COMMISSION RESOLUTION ON COMMUNITY ENERGY POLICY, BETTER KNOWN AS "1985 ENERGY GOALS." THE PRINCIPAL OBSTACLE IS ITALIAN INSISTENCE THAT SETTING A 1985 NET IMPORT CEILING OF 500 MILLION TONS OF PETROLEUM SHOULD BE ACCOMPANIED BY A GOAL OF "ACHIEVING AN APPROPRIATE BALANCE" BETWEEN EC REFINERY CAPACITY AND DEMAND FOR PETROLEUM PRODUCTS, WHILE THE UK INSISTS THAT THIS BALANCE SHOULD MERELY BE KEPT "UNDER CLOSE REVIEW." UK PERMDEL AND COMMISSION OFFICIALS ARE MODERATELY OPTIMISTIC THAT A COMPROMISE WILL BE REACHED IN TIME TO PERMIT ADOPTION OF THIS RESOLUTION AS A POINT (WITHOUT DEBATE) BY THE EC FOREIGN MINISTERS DURING THEIR COUNCIL MEETING OF JUNE 27.

3. THE 1985 ENERGY GOALS (SOME OF WHICH WERE APPROVED IN PRINCIPLE BY THE DECEMBER 13 ENERGY COUNCIL - REF A) ARE CLOSE TO THOSE ORIGINALLY PROPOSED BY THE COMMISSION IN JULY 1977 (REF B). IN BRIEF, ACCORDING TO THE PROPOSED RESOLUTION AS PRESENTLY DRAFTED, THE COUNCIL:

(A) REAFFIRMS THE EC'S RESOLVE TO REDUCE ITS DEPENDENCE ON IMPORTED ENERGY TO 50 PERCENT BY 1985 AND TO REDUCE THE SHARE OF OIL IN EC ENERGY CONSUMPTION "SIGNIFICANTLY" LIMITED OFFICIAL USE

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BY THAT YEAR;

(B) APPROVES THE OBJECTIVE OF KEEPING THE EC'S NET OIL IMPORTS BELOW 500 MILLION TONS BY 1985 AND THE OBJECTIVE OF REDUCING THE RATIO OF THE GROWTH OF ENERGY CONSUMPTION TO ECONOMIC GROWTH TO 0.8 BY 1985.

(C) ASKS EC MEMBER STATES TO BASE THEIR NATIONAL ENERGY POLICIES UPON THE FOLLOWING GUIDELINES UP TO 1985:

(1) INTENSIFY ENERGY SAVING EFFORTS AND SET SPECIFIC CONSERVATION TARGETS; (2) DEVELOP NUCLEAR ENERGY FOR MAJOR POWER STATIONS ALONG WITH SOLID FUELS TO AVOID INCREASED USE OF HYDROCARBON FUELS FOR ELECTRICITY GENERATION, WHILE CONTINUING WORK ON ECOLOGICAL, SAFETY AND PROTECTION ISSUES, INCLUDING RADIOACTIVE WASTE DISPOSAL; (3) MAXIMIZE EC PRODUCTION OF FOSSIL FUELS-"UNDER SATISFACTORY ECONOMIC CONDITIONS" AND COMPATIBLE WITH "RATIONAL MANAGEMENT OF THESE NON-RENEWABLE RESOURCES" (QUALIFIERS ADDED TO SATISFY THE UK AND THE NETHERLANDS) -- WITH ANNUAL TARGETS OF 250 MILLION TONS OF COAL, 140 MILLION TONS OF OIL AND 160 MILLION TONS OF OIL EQUIVALENT OF GAS, PRESUMABLY BY 1985; (4) INCREASE NATURAL GAS IMPORTS OVER CURRENT

FORECASTS AND ENSURE THE COMPATIBILITY OF THE POLICIES OF INCREASING COAL PRODUCTION WITH THE POLICY OF IMPORTING COAL TO REDUCE OIL IMPORTS; (4) INTENSIFY RESEARCH AND DEVELOPMENT FOR ALTERNATIVE AND RENEWABLE ENERGY SOURCES AND ENERGY SAVINGS.

STATEMENT FOR EUROPEAN COUNCIL:

4. IN ACCORDANCE WITH THE DECISION OF THE APRIL EUROPEAN COUNCIL IN COPENHAGEN THAT A FURTHER REPORT ON ENERGY SHOULD BE MADE AT THE JULY EUROPEAN COUNCIL IN BREMEN, THE DANISH PRESIDENCY CIRCULATED A DRAFT STATEMENT AT THE JUNE 15 COREPER. THIS STATEMENT REAFFIRMS THE URGENCY OF

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A MORE COMPREHENSIVE AND VIGOROUS EFFORT "AT THE NATIONAL AND COMMUNITY LEVEL, INCLUDING LARGE SCALE INVESTMENT," TO REDUCE DEMAND AND INCREASE SUPPLY OF ENERGY IN THE EC. AS FOR PROGRESS IN THE ENERGY AREA, IT NOTES THE TWO MEASURES APPROVED IN PRINCIPLE AT THE MAY 30 ENERGY COUNCIL (REF C) AND THE 1985 ENERGY GOALS WHICH IT ASSUMES WILL BE APPROVED AT THE JUNE 27 COUNCIL. IT ALSO REFERS TO RECENT DECISIONS TO INCREASE COMMUNITY INVESTMENT FUNDS AVAILABLE FOR ENERGY.

5. FRANCE, WHOSE TENTATIVE DRAFT OF THIS STATEMENT WAS DEEMED UNACCEPTABLE, INSISTS THAT THE DANISH-PROPOSED STATEMENT SHOULD ALSO INCLUDE A SECTION NOTING MEASURES WHICH SHOULD BE APPROVED BY FURTHER ENERGY COUNCILS, INCLUDING:

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(A) ESTABLISHMENT OF "EQUILIBRIUM IN THE EC ENERGY MARKET" (E.G., COAL AND PETROLEUM REFINING);

(B) PROMOTION OF ENERGY INVESTMENT IN THE EC, NOTABLY THROUGH COMMUNITY LOANS;

(C) AFFIRMATION OF EXTERNAL COMMUNITY SOLIDARITY REGARDING THE SUPPLY OF ENERGY, EXPLORATION EFFORTS AND NEW INITIATIVES TOWARD NON-OIL PRODUCING LDC'S. FRANCE ASKS THAT THE EUROPEAN COUNCIL INDICATE THE DIRECTIONS IT WOULD LIKE THE ENERGY COUNCIL TO TAKE REGARDING THESE AREAS.

6. THE FRENCH REQUEST SEEMS TO PARALLEL THE VIEWS OF EC COMMISSIONER FOR ENERGY BRUNNER. ACCORDING TO COMMISSION SOURCES, HE FELT AFTER THE MAY ENERGY COUNCIL FAILED TO AGREE ON HIS PETROLEUM REFINERY AND EC COAL TRADE PROPOSALS THAT A PUSH FROM THE FOREIGN MINISTERS OR HEADS OF GOVERNMENT WOULD BE NECESSARY IN ORDER TO BREAK THE DEADLOCK AMONG THE MEMBER STATES, WHICH MANY ATTRIBUTE LARGELY TO A CLASH BETWEEN THE BRITISH AND ITALIAN ENERGY MINISTERS. MOST OBSERVERS EXPRESS DOUBT, HOWEVER, THAT EITHER BRITISH FOREIGN MINISTER OWEN OR PRIME MINISTER CALLAGHAN ARE PREPARED TO EXERT SIGNIFICANT PRESSURE ON ENERGY MINISTER BENN IN FAVOR OF A COMMUNITY ENERGY POLICY, PARTICULARLY IN AN APPARENT UK ELECTION YEAR.

EC ENERGY COOPERATION WITH LDC'S:

7. THE SENIOR COMMISSION OFFICIAL CHARGED WITH FORMULATING AN APPROPRIATE COMMUNITY PROGRAM (REF D) TOLD THE MISSION THAT HE HAS BEEN ABLE TO MAKE ONLY SLOW PROGRESS IN VIEW OF THE DESIRE OF MANY COMMISSION SERVICES TO PARTICIPATE IN THE PREPARATION OF RECOMMENDATIONS FOR AN EC ENERGY POLICY
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TOWARD LDC'S AND BECAUSE OF SHARP DIFFERENCES AMONG THEM. HE DOUBTS THAT A DRAFT PROPOSAL WILL BE READY FOR APPROVAL

BY THE EC COMMISSIONERS IN TIME FOR SUBMITTAL TO THE EC
FOREIGN MINISTERS BY JUNE 27. IF THE BREMEN EUROPEAN
COUNCIL CONSIDERS THIS MEASURE, HE FEELS IT WOULD LIMIT
ITSELF TO A VERY GENERAL ENDORSEMENT OF THE DESIRABILITY OF
SUCH AN ENERGY PROGRAM FOR THE LDC'S WITHOUT ANY SPECIFICS.
HE NOTED, FOR EXAMPLE, THAT SOME COMMISSION OFFICIALS
FAVOR LIMITING AN ENERGY PROGRAM FOR ACP AND ASSOCIATED
MEDITERREAN STATES, WHILE OTHERS WISH TO MAKE IT APPLY
EQUALLY TO ALL LDC'S. HE FEELS THAT IT WILL BE
DIFFICULT TO REACH AGREEMENT ON A PROGRAM BY THE BEGINNING
OF LOME II NEGOTIATIONS IN LATE JULY (REF D). MORRIS

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